LIBERIA
INVESTMENT CLIMATE STATEMENT
2018

Executive Summary

Liberia has a free market system and the government encourages foreign direct investment (FDI) in the economy. However, there is an ongoing legislative debate over draft legislation intended to expand on the "Liberianization" Act of 1973 and the Investment Act of 2010 by further restricting foreign investment in certain sectors. The economy runs on a free-floating exchange regime with both the Liberian and United States dollar used as legal tenders. The National Investment Commission (NIC) is the investment promotion agency responsible for crafting policies and designing programs for improving Liberia's investment climate. In 2016, the World Bank reported Liberia's Gross Domestic Product (GDP) at USD 2.101 billion and its per capita Gross National Income (GNI) as USD 370 (https://data.worldbank.org/country/liberia). The IMF has projected Liberia's real GDP growth for 2018 at 4 percent with an average inflation rate of 9.9 percent (http://www.imf.org/en/Countries/LBR). In 2016, the United States' FDI in Liberia was USD 1 billion and Liberia's FDI in the United States was USD 461 million (https://www.bea.gov/international/factsheet/factsheet.cfm).

Foreign investments are regulated by the 2010 Investment Act, the Revenue Code, the Public Procurement and Concessions Act, and relevant regulations such as the National Competitive Bidding Regulations. The 2010 Investment Act guarantees foreign investors the right to transfer profits outside Liberia and it provides protection against expropriation, unlawful seizure, or nationalization. Although the government continues to improve the business regulatory environment by reducing the steps and time required to start a business, Liberia lags in many important measures such as contract enforcement. The World Bank's 2017 Doing Business Survey ranked Liberia 172 out of 190 countries for ease of doing business, with a score of 43.55/100. For concessions or long-term investment contracts, potential investors often engage in lengthy bidding and negotiation processes. There is an ad hoc cabinet level Inter-Ministerial Concessions Committee (IMCC), which negotiates concession agreements before they are ratified by the legislature and signed by the president to become law.

The government seeks to strengthen institutions and make reforms to improve the investment climate. However, progress in creating an attractive business-friendly environment is hampered by a weak regulatory environment, corruption, lack of transparency, poor infrastructure, and low private sector capacity. In 2017, Transparency International's corruption perception index (CPI) ranked Liberia at 122th out of 180 countries with a score of 31/100. Sectors that have historically attracted significant investment include iron ore, gold, rubber, palm oil, timber, banking, and telecommunications. Liberia's main trading partners are the United States, China, India, the European Union (EU), and Côte d'Ivoire. Currently, the export sector is driven by rubber, iron ore, and gold, which together account for about 80 percent of 2017 total exports. (*Central Bank of Liberia, 2017 Annaul Report, https://www.cbl.org.lr/2content.php?sub=155&related=29&third=155&pg=sp*) The best prospect sectors for U.S. investment are agribusiness, manufacturing, transportation, storage and warehousing facilities, energy, construction, real estate, and financial services. Key issues of concern are difficult and opaque procedures for obtaining clear title to property, lack of adequate legal protection for contracts, limited awareness of intellectual property rights (IPRs), pervasive corruption, and poor physical infrastructure.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	122 of 180	http://www.transparency.org/research/cpi/overview
World Bank's Ease of Doing Business	2017	172 of 190	https://tradingeconomics.com/liberia/ease-of-doing-business
Global Innovation Index	2017	N/A	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (M USD, stock positions)	2016	USD 1,000	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2016	USD 370	https://data.worldbank.org/?indicators=NY.GNP.PCAP.PP.KD&locations=LR

1. Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment (FDI)

The government of Liberia supports domestic and foreign investments to drive the economy. Liberia's economy is based on a free enterprise system with both the United States dollar (USD) and Liberian dollar (LRD) accepted as legal tender. Despite efforts to improve the general investment climate, Liberia still lags behind many countries in sub-Saharan Africa. The NIC is the investment promotion agency that facilitates foreign investment, promotes investment policy reforms, and serves as the chief negotiator for concession agreements. It collaborates with other trade and investment-related agencies such as the Ministry of Commerce and Industry (MOCI), National Bureau of Concessions (NBC), and the Public Procurement and Concessions Commission (PPCC). While the NIC handles the policy aspects of concession agreements, the NBC monitors compliance and evaluates performance of both the concessionaires and the government. The NBC's mandate includes providing technical assistance to agencies involved with the implementation of concessions as well as developing and maintaining a central repository for concession information. The Liberia Chamber of Commerce (LCC), whose membership is open to both local and foreign businesses, is the only organization in the country that is authorized to issue Certificates of Origin (CO) to exporters. The LCC convenes formal business roundtable discussions around critical policy issues affecting the larger business community (https://www.liberiachamber.org/).

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity. In the 2010 Investment Act and Revenue Code, foreign investors have similar rights and are subject to similar duties and obligations as those that apply to domestic investors, with several notable exceptions. For example, foreign investors are required to apply for new residence permits annually at a cost of USD 3,000. In addition, the 2010 Investment Act imposes general statutory limits on foreign ownership of or entry into 16 business activities/enterprises, and sets minimum foreign capital investment thresholds in 12 others. According to the 2010 Investment Act:

Ownership of the following 16 business activities/enterprises shall be reserved exclusively for Liberians:

(1) Supply of sand, (2) Block making, (3) Peddling, (4) Travel agencies, (5) Retail sale of rice and cement, (6) ice making and sale of ice, (7) Tire repair shops, (8) Auto repair shops with investment of less than USD 550,000, (9) Shoe repair shops, (10) Retail sale of timber and planks, (11) Operation of gas stations, (12) Video clubs, (13) Operation of taxis, (14) Importation or sale of second-hand or used clothing, (15) Distribution in Liberia of locally manufactured products, and (16) Importation and sale of used cars (except authorized dealerships, which may deal in certified used vehicles of their make).

Foreign investors may invest in the following 12 business activities provided they meet minimum capital investments thresholds:

(1) Production and supply of stone and granite, (2) Ice cream manufacturing, (3) Commercial printing, (4) Advertising agencies, graphics and commercial artists, (5) Cinemas, (6) Production of poultry and poultry products, (7) Operation of water purification or bottling plant (exclusively the production and sale of water in sachets), (8) Entertainment centers not connected with a hotel establishment, (9) Sale of animal and poultry feed, (10) Operation of heavy-duty trucks, (11) Bakeries, and (12) Sale of pharmaceuticals.

The 2010 Investment Act stipulates that for enterprises owned exclusively by non-Liberians, the total capital invested shall not be less than USD 500,000. For enterprises owned in partnership with Liberians, the aggregate shareholding of the Liberians must be at least 25 percent and the total capital invested shall not be less than USD 300,000. After the restrictions put in place by the 1973 "Liberianization" Act and the 2010 Investment Act failed to effectively increased Liberian participation in commercial industries, in December 2014 the government vowed to strictly enforce its 25 percent local procurement rule—as stipulated in the Small Business Empowerment Act of 2014—by allocating at least 25 percent of government procurement contracts to Liberian-owned businesses. At least 5 percent of these contracts shall be allocated to women-owned SMEs. The 2010 Investment Act eliminated a prior mandate that foreign-owned companies must employ qualified Liberians at all levels. However, most investment agreements dictate that foreign-owned companies employ a defined percentage of Liberians at all senior management levels, and it can be difficult to recruit qualified staff for these positions. If passed, the draft "Business and Economic Empowerment Act," which is pending in the legislature, would reinforce and expand this law to additional sectors of the economy, setting the minimum capital threshold at USD 2 million. The draft law would also mandate that Liberians hold at least 30 percent of the senior management positions in the enterprise.

Business registration regulations enable a foreign company to open a fully-owned subsidiary. Certified documentation of proof of a holding company is required along with other necessary documents during registration. While the Liberian constitution restricts land ownership to citizens, the acquisition of public land by non-Liberians is possible through leasehold, which can run for 25-50 years, but exceptions are permitted under the law. The government does not maintain investment screening (approval) mechanisms for inbound foreign investment. There are no laws especially intended to disadvantage U.S. investors or single them out; generally, Liberians welcome U.S. investment as well as American products, which they consider to be of exceptional quality.

Other Investment Policy Reviews

Neither the United Nations Conference on Trade and Development (UNCTAD) nor the Organization for Economic Co-operation and Development (OECD) has conducted an investment policy review for Liberia in the past three years. After nearly ten years of negotiations, Liberia became a member of the World Trade Organization (WTO) on July 14, 2016 (**https://www.wto.org/english/thewto_e/countries_e/liberia_e.htm)**. The WTO has not yet conducted Liberia's Trade Policy Review (TPR); the frequency of each country's review varies according to its share (volume) of world trade.

The following links list countries for which OECD, WTO (in context of a trade policy), and UNCTAD have conducted investment policy reviews:

http://www.oecd.org/investment/countryreviews.htm

http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm

http://unctad.org/en/Pages/DIAE/Investment%20Policy%20Reviews/Investment-Policy-Reviews.aspx

Business Facilitation

All businesses are required to register and/or obtain an authorization to conduct business or provide services in Liberia. All business entities must register with the Liberia Business Registry (LBR). The LBR's business registration services are accessible to local and foreign companies at its head office in Monrovia. A foreign company establishing a subsidiary in Liberia must notarize the documents of the parent company abroad. That means if an entity is already registered in another country and wants to do business, provide a service, or take part in a bid in Liberia, it must apply to the LBR for an "Authority to do Business" in Liberia. The LBR does not have an online business registration platform. A foreign company must obtain investment approval from the NIC to benefit from investment incentives (http://investliberia.gov.lr/new). More detailed information is available on the World Bank's

Investing Across Borders website:
http://iab.worldbank.org/Data/ExploreEconomies/liberia#starting-a-foreign-business.

Certain business categories require a notarization by the government. American companies are advised to refer to the U.S. Embassy in Monrovia (https://lr.usembassy.gov/business/) for advice on registration processes. In general, the LBR aims to implement a single window registration process and the wait-time required to register a business ranges from 3-4 working days. Foreign investors must use a local counsel when establishing a subsidiary in Liberia. The LBR's business facilitation mechanism does not provide different treatment for women and underrepresented minorities. The registration procedures and standards are the same across all categories of people.

UNCTAD (http://investmentpolicyhub.unctad.org/Publications/Details/148) provides an outline of investment facilitation proposals. The World Bank (http://iab.worldbank.org) provides quantitative indicators on economies' laws, regulations and practices affecting how foreign companies invest across sectors, start businesses, access industrial land, and arbitrate disputes. It also provides indicators from economies on the ease of starting a limited liability company, based on a survey of incorporation lawyers (http://www.doingbusiness.org/data/exploretopics/starting-a-business#close). Global Entrepreneurship Network (www.GER.co) provides links to business registration sites worldwide. The site's 10 green dot rating indicates whether a website provides clear and complete instructions for registering a limited liability company.

Outward Investment

The NIC does not have a systematic and active mechanism or program to promote or incentivize outward investment. There is no known restriction or policy limiting domestic investors from investing abroad. See the NIC's website, http://investliberia.gov.lr/new/

2. Bilateral Investment Agreements and Taxation Treaties

Liberia has Bilateral Investment Treaties (BITs) with the following countries: BLEU (Belgium-Luxembourg Economic Union), France, Germany, and Switzerland (http://investmentpolicyhub.unctad.org/IIA/CountryBits/118#iiaInnerMenu). It also has the following Treaties with Investment Provisions (TIPs): Trade and Investment Framework Agreement (TIFA) with the Economic Community of West African States (ECOWAS), ECOWAS Supplementary Act on Investment, Liberia-U.S. TIFA, ECOWAS Energy Protocol, Cotonou Agreement, Revised ECOWAS Treaty, AU Treaty, ECOWAS Protocol on Movement of Persons and Establishment, and ECOWAS Treaty. In March 2018, Liberia signed on to the African Continental Free Trade Area and associated Protocol on the Free Movement of People (http://investmentpolicyhub.unctad.org/IIA/CountryOtherIias/118#iiaInnerMenu). Liberia also enjoys preferential access to the U.S. market under special access and duty reduction programs such as the Generalized System of Preference (GSP) and the African Growth and Opportunity Act (AGOA). Liberia is a signatory to several investment-related instruments (IRIs), such as the Multilateral Investment Guarantee Agency (MIGA) Convention, The International Centre for Settlement of Investment Disputes (ICSID Convention), New York Convention, UN Code of

Conduct on Transnational Corporations, UN Guiding Principles on Business and Human Rights, ILO Tripartite Declarations on Multinational Enterprises, World Bank Investment Guidelines, New International Economic Order UN Resolution, Voluntary Partnership Agreement with the EU, Economic Partnership Agreement with the EU, Charter of Economic Rights and Duties of States, and Permanent Sovereignty UN Resolution. Liberia does not have a bilateral taxation treaty with the United States.

BITs with third countries are available at the following link:

http://investmentpolicyhub.unctad.org/IIA/IiasByCountry#iiaInnerMenu

A list of all countries with which the United States currently has bilateral investment treaties is available at: http://www.state.gov/e/eb/ifd/bit/117402.htm and free trade agreements (FTAs) at http://www.ustr.gov/trade-agreements/free-trade-agreements. (The NAFTA and all U.S. FTAs (except Bahrain) entered into since 2002 contain investment chapters.)

A list of all countries with which the United States has bilateral income tax treaties is available at: https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z.

3. Legal Regime

Transparency of the Regulatory System

The government continues to harmonize conflicting rules and regulations across ministries and agencies, and to carry out reforms in many sectors including mining, forestry, petroleum, trade and business, and electricity. It has enacted the Competition Law, Foreign Trade Law, Intellectual Property Act and the Insolvency and Restructuring Act (C*hapter 8 of Commercial Code*). These laws align with existing laws, statues, policies, and regulations to promote a transparent and predictable business environment, and foster competition on a non-discriminatory basis. Generally, the legal and regulatory procedures in Liberia fall below international norms in terms of transparency, application, and consistency. For example, there is no unified website where all proposed regulations and draft bills are published in order to make them available to the public and there is no centralized online location where key regulatory actions or their summaries are published. However, the MOCI has a portal (website) of the collection of business-related laws and regulations (http://www.moci.gov.lr/2content.php?sub=164&related=16&third=164&pg=sp). The Liberia Legal Information Institute also maintains an online repository to access legal documents including legislative acts (http://www.liberlii.org). Also regularly available are press releases, newspaper articles, radio talk-shows, and handouts that enable public discussions of proposed new laws or draft bills that may have a significant impact.

Significant investment, both foreign and domestic, exists in Liberia, especially in the extractive sectors, and the government continues to streamline relevant laws to align with the WTO protocols. However, ministries and agencies often have overlapping responsibilities, which can result in inconsistent application of the laws. Some officials can be arbitrary or heavy-handed when resolving conflicting regulatory issues. Regulatory agencies include the Forestry Development Authority (FDA), which regulates issues arising in forestry sector; the Civil Aviation Authority (CAA), which regulates aviation businesses; the Liberia Telecommunications Authority (LTA), which regulates telecommunications activities; the Liberia Maritime Authority (LMA), which regulates issues arising in the maritime sector; the National Port Authority (NPA), which owns and regulates port infrastructures; the Liberia Revenue Authority (LRA), which administers tax collections, tariffs and customs, and provides tax or customs related services; the Liberia Extractive Industry Transparency Initiative (LEITI), which monitors, reconciles, and reports on payments made by extractive companies to the government and to local communities, and the Liberia Land Authority (LAA), which has a mandate for land policy, land administration, and oversight of land management regulation and use functions.

The World Bank (http://rulemaking.worldbank.org/) provides data for 185 economies on whether governments publish or consult with public about proposed regulations.

International Regulatory Considerations

Liberia is a member of two regional economic blocks, the Mano River Union (MRU) and ECOWAS. The government continues to abide by and align its economic and commercial relationships with those of its regional counterparts. It continues to standardize and harmonize its customs and tariff systems with the ECOWAS External Tariff (CET). Judgments of foreign courts are recognized and enforceable under the courts, and foreign investment disputes are handled under the same legal jurisdictions. Liberia is a new member of the WTO, having completed negotiations of its accession terms in July 2016. The government has committed to the terms and conditions of Liberia's membership including arrangements on Technical Barriers to Trade (TBT) and sanitary and phytosanitary (SPS) measures. The government expects to use these commitments to build up crucial trade infrastructure based on international standards to encourage fair competition in line with the WTO standards.

Legal System and Judicial Independence

Liberia has three independent branches of government. The Judicial Branch of government is vested in the Supreme Court, subordinate magistrate, and county courts. The judicial system has no courts of appeal, and appeal cases from county courts go directly to the Supreme Court, placing a tremendous burden on the Supreme Court's panel of five judges. The legal system was originally based on Anglo-American Common Law, and although still referred to as a common law system, cannot be truly characterized as such. It is supposed to operate in parallel with local customary law based on unwritten, indigenous practices, culture, and traditions, but the delineation between formal and traditional law is ambiguous. All courts are sanctioned to apply both statutory and customary laws; there is a system of customary law recognized in the court system by the Judiciary Law of 1972. There is also a traditional court system in rural areas that is governed by the 2001 Revised Rules and Regulation Governing the Hinterland of Liberia (https://www.documents.clientearth.org/library/download-info/regulation-2001-revised-rules-and-regulations-governing-the-hinterland-of-liberia/). These competing and disharmonized legal systems often lead to conflicts between Monrovia-based entities and communities outside of

Monrovia, and within individual communities themselves. The judicial system suffers from inadequately trained and poorly compensated judicial officers that can result in flawed proceedings.

The Commercial Code of Liberia sets out provisions for sales, leases, financial leases, mortgages, secured transactions, and commercial arbitration. The code is backed by a Commercial Court consisting of a panel of judges that was established to resolve commercial transactions and contractual issues. In theory, the court presides over all financial, contractual, and commercial disputes, serving as an additional avenue to expedite commercial and contractual cases. In practice, weak capacity and a lack of adequate regulatory frameworks limit the court's effectiveness. The court does not have a mandate to hear IP claims. There is a commission that hears claims of unfair labor practices.

Laws and Regulations on Foreign Direct Investment

To obtain a new concession agreement or long-term investment contract, potential investors engage in lengthy bidding and negotiation processes. Other legal instruments relating to foreign investment include the Revenue Code, Public Procurement and Concessions Act, Competition Law, Commercial Code, Financial Institution Act (Banking Law), Foreign Trade Law of Liberia, Association Law, Special Economic Zone Act and Liberia Intellectual Property Act. The Public Procurement and Concessions Act and related laws theoretically provide standardized and transparent systems, and procedures for awarding concessions and public tenders. The laws provide guidelines for requests for Expressions of Interest (EOI), International Competitive Bids (ICB), and Invitations to Bid (ITB), but they are often poorly advertised, hampering the process from the onset. If a ministry or agency proposes to grant a concession, it requests a Certificate of Concession from the Ministry of Finance and Development Planning (MFDP). Upon receipt of the certificate, the concession entity requests the President of Liberia constitute an ad hoc Inter-Ministerial Concession Committee (IMCC), which is chaired by the NIC. Statutory members of the IMCC include the Ministers of Justice, Finance and Development Planning, Labor, and Internal Affairs. The IMCC is responsible for reviewing and evaluating bids as well as negotiating, approving, and awarding concession agreements in line with the Public Procurement and Concessions Act. The President of Liberia submits the IMCC-awarded concessions to the Legislature for approval and ratification. A ratified concession becomes law after having been signed by the president and printed into handbills by the Ministry of Foreign Affairs. Depending on contract clauses and stipulations, a re-negotiation and subsequent round of ratification may be necessary in certain cases, such as ownership transfers. There is no primary "one-stop-shop" website for investment or website for investment laws, rules, procedures, and reporting requirements for investors. However, the NIC can provide sector-specific investment counseling and/or advisory services at investors' request. The following list of websites may help foreign investors to navigate the information, laws, rules, procedures and reporting requirements:

http://www.ppcc.gov.lr/: Public Procurement & Concessions Commission (PPCC) prepares, monitors, and guides public procurement policies, procedures, and guidelines for awarding concessions;

http://www.lra.gov.lr/: Liberia Revenue Authority (LRA) collects all lawful revenues due the government, and is the custodian of the 2000 Revenue Code;

http://investliberia.gov.lr/new/: National Investment Commission (NIC) is the investment promotion agency of the government, and chief negotiator of all concession agreements;
http://www.mfdp.gov.lr/: Ministry of Finance & Development Planning (MFDP) is responsible for the country's fiscal policies, and is the custodian of the Public Financial Management Act of 2009.

http://www.moci.gov.lr/: Ministry of Commerce and Industry (MOCI) advises the government and designs policies and programs for the development and promotion of trade, commerce, and industry (Note: the MOCI website is temporarily inoperable.)

Competition and Anti-Trust Laws

The MOCI is responsible for inspecting and reviewing transactions for competition-related concerns. It is also responsible for the administration, investigation, and enforcement of competition-related issues in line with the Competition Law. The law was enacted in 2016 in order to allow the government to comply with the WTO requirements to encourage a free market economy by promoting fair competition. The Government of Liberia (GOL) does not have anti-trust laws.

Expropriation and Compensation

The 2010 Investment Act guarantees and protects foreign enterprises against expropriation or nationalization by government "unless the expropriation is in the national interest for a public purpose, is the least burdensome available means to satisfy that overriding public purpose, and is made on a non-discriminatory basis in accordance with due process of law." The U.S. Embassy is aware of an expropriation case (METCO vs. NPA, 2002-2015) in which the claimant (METCO) was compensated following years of legal proceeding and negotiations; the compensation amount was in a freely transferrable currency, but did not represent a fair market value at the time of the expropriation. In recent years there have not been any government actions or shifts in policy that would indicate possible expropriations in the foreseeable future. Currently, there are no high risk sectors in the economy that are prone to expropriation actions and there is no indirect expropriation, such as confiscatory tax regimes or regulatory actions that could deprive investors of substantial economic benefits from their investments. Historically, the government favors signing non-exclusive concession agreements with major investors. This practice allows the government to sign overlapping concession agreements for different resources. For example, the government may sign an agricultural concession agreement, but also allow itself flexibility to sign a mineral and/or timber concession in the same area. As multinational investors develop concession areas, some foreign businesses buy risk insurance to mitigate against the possibility of operational disruption caused by land expropriation. Liberia is a signatory to the MIGA Convention that guarantees the protection of foreign investments.

Dispute Settlement

ICSID Convention and New York Convention

Liberia is a member of the ICSID Convention – also known as the Washington Convention – and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards – also known as the New York Arbitration Convention. The Commercial Code is the specific domestic legislation, which provides for enforcement of awards under the 1958 New York Convention and/or under the ICSID Convention. The Investment Act provides that "the courts of Liberia shall have jurisdiction over the resolution of business disputes, parties to an investment disputes may however specify any arbitration or other dispute resolution procedure upon which they may agree."

See list of members of the ICSID convention at:
https://icsid.worldbank.org/en/Pages/about/Database-of-Member-States.aspx

See list of members of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards at: http://www.newyorkconvention.org/contracting-states/list-of-contracting-states

Investor-State Dispute Settlement

Liberia is a member of the ICSID Convention and a signatory to the MIGA Convention that guarantees the protection of foreign investments. The Civil Procedure Law governs both domestic and international arbitrations taking place in Liberia; there is no specific statue governing arbitration. It may take several years to enforce both foreign and domestic arbitration awards, from filing an application to the court of first instance to obtaining a writ of execution, with provision for an appeal. The administration of investment disputes or commercial arbitration as well as enforcement proceedings are undertaken in the Commercial Court and Civil Law Court with appeal directly to the Supreme Court. Liberia does not have a BIT or FTA with an investment chapter with the United States. As a member of the ICSID and the New York Arbitration Convention, Liberian courts are bound to recognize and enforce foreign arbitral awards issued against the government. Liberia is also a signatory to the ECOWAS Treaty containing investment-state dispute settlement (ISDS) provisions. There is no recent history of extrajudicial action against foreign investors in Liberia.

International Commercial Arbitration and Foreign Courts

The 2010 Investment Act protects the right of investors to settle disputes either through the judicial system or through alternative dispute resolution (ADR) mechanisms. Concerning dispute settlement procedures, parties to an investment dispute may specify any arbitration, or other dispute resolution procedure upon which they agree. The Act states that "where a dispute arises between an investor and Government in respect of an enterprise, all efforts shall be made through mutual discussion to reach an amicable settlement." Private entities entering into investment contracts with the government frequently include arbitration clauses specifying dispute settlement outside of Liberia. There are other codes, statutes, and legislative provisions – including the Liberian Civil Procedure Law – governing commercial arbitration and recognizing arbitration as a means of resolution between private parties in commercial transaction, based on the model of United Nations Commission on International Trade Law (UNCITRAL). However, the general weakness of the overall judiciary suggests that the current judicial process is not always procedurally competent, fair, and reliable. Judgments of foreign courts are recognized and enforceable under the courts, and problems with foreign investments are handled under the same legal jurisdictions. The U.S. Embassy is not aware of investment disputes involving state owned enterprises (SOEs) and foreign investors.

Bankruptcy Regulations

Liberia does not have a bankruptcy law in place and there is no specialized court to protect the rights of creditors, equity holders, and holders of other financial contracts except the Commercial Court, which is limited in handling such specialized instruments. The Central Bank of Liberia (CBL) runs a Credit Reference System (CRS) which provides limited credit information on borrowers' creditworthiness to commercial banks and non-bank financial institutions, which use the system to generate credit information on potential borrowers.

4. Industrial Policies

Investment Incentives

The government offers different forms of investment incentives to foreign investors as stipulated in the Revenue Code and the 2010 Investment Act. The NIC and the MFDP are the authorities, which provide such incentives. Foreign investors who meet the statutory eligibility criteria for incentives must apply to the Minister of Finance and Development Planning. The Revenue Code specified that the investment activity must be in one of the following sectors in order to qualify for incentives: Tourism - carried out through tourist resorts, hotels, and cultural sites; Manufacturing or assembly for export - with at least 60 percent local raw material content; Energy - equipment and machinery, capital spare parts, and specialized capital goods; Hospitals and medical clinics; Low and medium income housing; Transport infrastructure - equipment and machinery, capital spare parts and specialized capital goods; Information technology - high impact ICT; Banking - in non-bank areas such as the southeastern region; Horticulture and poultry - equipment and machinery, capital spare parts, and specialized capital goods; Exportation of sea products - equipment and machinery, capital spare parts, and specialized capital goods; Agricultural and food crop cultivation - equipment and machinery, capital spare parts, and specialized capital goods, and; Waste management - equipment and machinery, capital spare parts, and specialized capital goods

The investment incentives specified for these sectors include tax deductions with respect to equipment, machinery, and cost of buildings and fixtures used in manufacturing as well as import duties, and goods and services tax exemptions. Tax incentives are subject to legislative approval as stated in the Revenue Code: "for investments exceeding USD 10 million and subject to approval by the President and the Legislature, the tax incentives permitted by this section may be allowed for a period of up to fifteen (15) years; no tax incentive under this subsection shall be valid or enforceable without legislative approval." The law also allows exemptions from import duty up to 100 percent of their dutiable value for capital assets and other goods to be used in the project. The Minister of Finance can grant additional incentives based on the capital invested, economic zones or geographic areas as well as the employment creation potential that could promote economic growth. For example, in October 2017 the government passed the Forestry Industrial Development & Employment Regime Act of 2017. The act incentivizes forestry companies to accelerate investment in processing industry by offsetting investments in downstream industries--such as saw mills, dryers, plywood factories, etc.--against a portion of the tax bill that comes from the bid premiums. Information on how to access special investment incentives is available on the NIC's website: http://investliberia.gov.lr/new/page_info.php?&7d5f44532cbfc489b8db9e12e44eb820=Mzk3

***Note:** Information on specific terms and conditions as relate to accessing incentives can be obtained from the following agencies:*

National Investment Commission (NIC): http://investliberia.gov.lr/new/

Liberia Revenue Authority (LRA): http://www.lra.gov.lr/

Ministry of Finance & Development Planning (MFDP): https://www.mfdp.gov.lr

Foreign Trade Zones/Free Ports/Trade Facilitation

Currently, there are no functional free trade zones or special economic zones in Liberia. However, in October 2017, the President of Liberia signed into law the Special Economic Zone Act (SEZA), which authorized the establishment of the Liberia Special Economic Zone Authority (LSEZA). The act combines the Liberia Industrial Free Zone Authority (LIFZA) and Monrovia Industrial Park (MIP), and allows the LSEZA to set aside exclusive areas for industrial production, and processing for domestic and export markets. The SEZA further incorporates all levels of the value chains of industries located within Special Economic Zones (SEZs) into SEZ exempt status. The LSEZA is responsible for proposing, regulating, supervising, and monitoring all areas or sites it may earmark as SEZs in the country. The LSEZA coordinates with other agencies such as the NIC, the MOCI, and the LRA to issue applicable licenses, permits, certificates, and other required authorizations. The SEZ Act mandates the LSEZA to set up a one-stop shop providing necessary administrative services including registration and issuance of licenses, permits, and certificates. According to the SEZ Act, "national tax and incentive regimes designated by applicable law shall not apply in the SEZs; an entire SEZ or any part thereof would constitute a customs-controlled area." The LSEZA will collaborate with the MOCI and the NIC to promote the export sector through the National Export Strategy, which focuses on the manufacturing and export of agriculture products including oil palm, rubber, cocoa, and fish products. The government recently established the LSEZA and started implementing the law.

Performance and Data Localization Requirements

The GOL, through the Decent Work Act, mandates local employment; the act stipulates that "the Ministry (Ministry of Labor) shall not issue a permit to work in Liberia unless it is satisfied that: i) there is no suitably qualified Liberian available to carry out the work required by the employer; and ii) the applicant satisfies the requirements for foreign residence in Liberia." This stipulation gives preference to employing Liberian citizens and many investment contracts or concession agreements require foreign companies to employ a certain percentage of Liberian citizens in senior management positions. In March 2018, the Ministry of Labor issued a notice requiring all employers to regularize the employment status of their employees in preparation for a planned nationwide labor inspection in line with the Decent Work Act. In practice, foreign investors usually face difficulty in finding the right skills for certain high profile technical or managerial positions. However, the 2010 Investment Act eliminates a mandate that foreign companies must employ qualified Liberians “at all levels.” There are no excessively onerous visa, residence, work permit, or similar requirements that inhibit mobility of foreign investors and their employees; however, long term investors must renew their residence and work permits annually. Liberia immigration law requires that all non-Liberian citizens entering the country must hold an entry visa except for ECOWAS citizens who require valid passports or laissez-passers. Upon arrival at the airport, foreign visitors are issued a 30-day “Temporary Stay” stamp (permit). If they plan to stay longer, visitors must report to the Bureau of Immigration and Naturalization (BIN) before the 30 days expire, in which case they will be issued a 60-day “Temporary Stay" stamp. Where a visitor intends to stay for a period in excess of 60 days, he/she must apply for a resident permit. Should the visitor intend to work or engage in business while in Liberia, he/she must apply for a work permit from Ministry of Labor after receiving a residence permit, which is a pre-condition for obtaining a work permit. The GOL requires the residence/work permits to be renewed annually and charges a fee for renewal. There are no government-imposed conditions that hinder companies’ abilities to invest in Liberia.

The NIC has a “local content” policy included in certain major investment contracts mandating a certain percent of domestic content, goods, or raw materials. Although the “local content” policy exists, in practice the government has not followed the “forced localization” policies intended to compel foreign investors to use domestic content in goods or technology. There are no legal requirements for foreign IT providers to turn over source code and/or provide access to encryption. There are no mechanisms that prevent or unduly impede companies from freely transmitting customer or other business-related data outside Liberia, and there are no local data storage requirements for foreign companies operating in Liberia. Information on investment and details on specific performance requirements can be obtained from the NIC (**http://investliberia.gov.lr/new/)**. The NBC is mandated to monitor and evaluate foreign companies’ compliance with concession agreements, but the entity lacks the necessary technical and financial capacity to fully monitor and enforce compliance. In February 2018, the President of Liberia constituted a nine-member committee mandated to review all agreements and contracts currently in place with concessionaires.

5. Protection of Property Rights

Real Property

Property rights and interests are protected but the enforcement mechanisms are usually weak. Mortgage and liens do not exist. Land ownership in Liberia is restricted to Liberian citizens. Chapter III, Article 22, of the Liberian Constitution states: “Every person shall have the right to own property alone as well as in association with others, provided that only Liberian citizens shall have the right to own real property within the Republic. Private property rights, however, shall not extend to any mineral resources on or beneath any land or to any lands under the seas and waterways of the Republic." Acquisition of land by foreign and/or non-resident investors is only possible through rent or leasehold. Leases ordinarily run for 25-50 years, but exceptions are permitted under the law. Land ownership, lease, and use are governed by both statutory and customary laws. Rights to land ownership and use of resources such as minerals and timber have become increasingly critical issues in recent years, fueled by increased foreign investor interest and clashes between traditional and statutory land uses. There is no definite record for the exact proportion of land without clear title although the government encourages property owners to register land titles. A significant proportion of land is without clear title, and the Liberia Land Authority (LLA) has estimated that less than 20 percent of the country's total land is formally registered. The Liberia Land Authority (LLA) acts as a one-stop shop for all land issues including land governance, land administration, land management, and land policy and planning. It guides and implements the government's land policy, which categorizes land into Public Land, Government Land, Customary Land, and Private Land.

The U.S. Embassy is aware of concessions-related land challenges that remain unresolved. As firms commence operations, local communities fear their lands are being encroached upon, which can lead to disputes, strikes, and sometimes violence. In the interest of minimizing lost productivity and in the absence of government adjudication, companies often make additional community-level payments or agreements to resolve competing land claims. The future enforceability of such agreements is unclear. Prospective investors should not underestimate the potential for costly and complex land dispute issues to arise even after concluding their agreements with the government. According to the World Bank's Doing Business Survey (2018), Liberia scored 31.04 out of 100 in registering property with a rank of 183. See more details at: http://www.doingbusiness.org/data/exploreeconomies/liberia

Intellectual Property Rights (IPR)

The Liberia Intellectual Property Act of 2014 covers such areas as domain names, traditional knowledge, transfer of technology, and patents/copyrights, etc. The law provides the legal and administrative framework for the protection of copyrights and IPR. The Intellectual Property Act requires setting up the "Liberia Intellectual Property Office (LIPO)" as a corporate semi-autonomous agency functioning under the administrative oversight of the MOCI. The LIPO includes a Copyright Department dealing exclusively with copyrights and an Industrial Property Department dealing with industrial property rights issues. The legal and regulatory environments for IP protections in Liberia are weak: the level of IP law enforcement is poor and infringements on rights are common. Although the MOCI exercises oversight on IP issues, it does not have an effective system in place or technical capacity to track and report on seizures of counterfeit goods. Holders of IP rights have theoretical access to judicial redress, but laws pertaining to patents, trademarks, and industrial designs are not enforced. The majority of Liberians unfamiliar with IP rights and there is a general lack of knowledge about what constitutes an IP infringement. Infringement of IPR and industrial property rights is prevalent, including unauthorized duplication of movies, music, and books. Counterfeit drugs, apparel, cosmetics, mobile phones, computer software, and hardware are sold openly in various markets, stores, shops, and by vendors. With responsive legal environment and effective enforcement mechanisms, the IP law could improve the protections of IPR in Liberia. Liberia is not listed in USTR's 2017 Special 301 Report (https://ustr.gov/issue-areas/intellectual-property/special-

301/2017-special-301-review). It is not also listed in the notorious market report (See 2017 listings at: https://ustr.gov/sites/default/files/files/Press/Reports/2017%20Notorious%20Markets%20List%201.11.18.pdf)

Liberia is not listed on the USTR's 2017 Out-Of-Cycle Review of Notorious Markets, or in the 2018 Special 301 Report. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/. For questions concerning completion of this section or anything related to IP, please email: EB-A-IPE-DL@state.gov.

6. Financial Sector

Capital Markets and Portfolio Investment

The government does not have foreign portfolio investments abroad and there is no domestic capital market or portfolio investment option, such as a stock market, in the country. Therefore, private sector investors have limited credit and investment options. The Central Bank of Liberia (CBL) uses financial instruments such as Treasury bills (T-bills) in an effort to develop a capital market. The CBL has successfully operationalized aspects of the Scriptless Securities Settlement System (DEPO/X) in combination with efforts to create a secondary market that would lead to a more vibrant financial market. The DEPO/X system is a well-organized electronic platform that supports the conduct of the FX Auction and processing of government securities. The CBL respects IMF Article VIII by refraining from implementing restrictions on payments and transfers for current international transactions. The CBL continues to promote interbank market, money market, secondary market, and investor's education as well as public awareness. It drafted a framework on interbank lending and foreign exchange trading market (IFXM) and guideline on repurchase and reverse repurchase agreement (Repo).

Money and Banking System

According to the CBL, banking services within Liberia are provided by nine commercial banks, 90 branch outlets (payment windows/annexes), a development finance company and a deposit-taking microfinance institution. Eight of the commercial banks are foreign banks. There are numerous intermediate financial services providers across the country, such as licensed foreign exchange bureaus, microfinance institutions, credit unions, rural community finance institutions, and village savings and loans associations. The CBL reported that commercial banks' balance sheets indicate strong growth in the performance of the banking sector in 2017; however, the growth was driven mainly by the depreciation of the Liberian dollar (LRD) against the United States dollar (USD). In 2017, total assets of the sector rose by 30 percent compared with 5 percent in the previous year and total deposits grew by nearly 20 percent compared with only 4 percent growth in 2016. The sector recorded an average capital position of USD 15.3 million, which exceeds the CBL mandatory minimum capital requirement of USD 10 million and represents an increase of 13 percent compared to the average capital for 2016; it also indicates excess liquidity and low profitability. Liquidity remains strong with a ratio of 42 percent, which is in excess of the CBL required minimum liquidity ratio of 15 percent; this excess liquidity indicates a lack of worthy investment opportunities in the economy, (*Central Bank of Liberia, 2017 Annaul Report, https://www.cbl.org.lr/2content.php?sub=155&related=29&third=155&pg=sp*). Non-interest income, such as fees and commissions, constitutes the largest portion of the banking sector's income.

Non-performing loans and poor asset quality, which depress profitability in the sector, remain major challenges. The ratio of non-performing loans (NPLs) to total loans increased from 11.8 percent in 2016 to 13.6 percent in 2017, (*Central Bank of Liberia, 2017 Annaul Report, https://www.cbl.org.lr/2content.php?sub=155&related=29&third=155&pg=sp*). The current level of NPLs is partly influenced by the weak export sector and the low prices of Liberia's primary export commodities. Commercial banks face persistent challenges in profit generation and loan repayment. In one attempt to address the situation, the CBL – with support from the Liberia Bankers Association and commercial banks – publishes the names of non-complaint and delinquent borrowers in daily newspapers; individual commercial banks sometimes publish both names and photographs. While financial institutions allocate credit on market terms to foreign and domestic investors, the historically high rate of NPLs has led banks to offer short-term (less than 18 months), high-interest rate loans between 12 and 20 percent. This constrains capital investment and limits new business development. There is no effective credit rating system and many firms lack business records or bankable proposals that are necessary for credit approval. Banks rely on the CBL's Credit Reference System, a manually updated spreadsheet which is not yet automated. The Credit Reference System contains credit history and/or any derogatory information about certain creditors and it provides credit information on borrowers to commercial banks and non-bank financial institutions. The CBL also has a collateral registry, mostly used to vet and support MSMEs, which has been digitized.

Foreign banks or branches are allowed to establish operations in Liberia, and are subject to prudential measures or other regulations set out by the CBL. There are no clear or definitive rules on hostile takeovers. The obstacles to domestic travel including an insufficient and poorly maintained road network, lack of affordable electricity, and unreliable communication links increase the risk in accepting collateral outside Monrovia. The unreliable land title system also hampers access to credit in general. Alternative financial services are available, such as Rural Community Finance Institutions (RCFIs) and digital financial services including mobile money services. The RCFIs are involved in the payment of civil servants' salaries, particularly teachers and health workers in rural regions; they also provide salary-based loans, and money transfer services including remittances and mobile money transactions. In 2017, mobile money activities expanded nationwide as agent networks and users increased. There are two mobile money providers: Lonestar Cell MTN and Orange Communication.

Foreign Exchange and Remittances

Foreign Exchange Policies

There are no restrictions or limitations placed on foreign investors in converting, transferring, or repatriating funds associated with an investment (e.g., remittances of investment capital, earnings, loans, lease payments, or royalties). Liberian law allows for the transfer of dividends and net profits after tax to investors' home countries. The 2010 Investment Act allows unrestricted transfer of capital, profits, and dividends "through any authorized dealer bank in a freely convertible currency." Therefore, funds associated with any form of investment can be freely converted into any world currency. The CBL's regulation concerning transfers of foreign currency stipulates that every business house, entity, or individual wishing to make a foreign transfer of funds may do so without limitation of amount to be transferred; however, the amount to be transferred must have been in an entity's bank account for no less than three banking days prior to the transfer. Though conversion restrictions do not exist, the CBL currency auctions are often oversubscribed, and there could be considerable delays associated with attempts to exchange large sums of money.

Liberia has a floating exchange rate system with both LRD, known as "Liberty" notes, and USD used as legal tender. The exchange rate is determined by market supply and demand. Large-scale business and government transactions are conducted in USD , while retail or day-to-day routine transactions are conducted largely in LRD. Contracts and tax agreements are typically specified in USD , and more than 70 percent of taxes are paid in USD . The USD can be freely exchanged for LRD in commercial banks, licensed foreign exchange bureaus, petrol stations, and large supermarkets. It is advisable for foreign investors to conduct foreign exchange operations with commercial banks or established licensed forex bureaus.

The Annual Report on Exchange Arrangements and Exchange Restrictions, published by the International Monetary Fund (IMF), describes the foreign exchange regimes of every IMF member: https://www.imf.org/en/Publications/Annual-Report-on-Exchange-Arrangements-and-Exchange-Restrictions/Issues/2017/01/25/Annual-Report-on-Exchange-Arrangements-and-Exchange-Restrictions-2016-43741

Remittance Policies

There are no recent changes or plans to change Liberia's investment remittance policies to affect access to foreign exchange. Generally, there are no legal time limitations on remittances or on the inflows or outflows of funds for remittances of profits or revenue. Due to the limited number of correspondent banking relationships, bank fees related to currency exchange and wire transfers can be high. In general, corporations can remit as much as USD 1 million through commercial banks. Transferring banks are required to file normal cash transaction reports with the CBL. Depending on the amount to remit and the bank(s), the wait-period to remit each type of investment returns range from a few hours to three business days. However, individuals without a bank account are limited to two over-the-counter transfers of up to USD 5,000 within a 30-day period. The CBL instituted thresholds for suspicious transactions for which banks must exercise customer due diligence and know your customer (KYC) rules. The thresholds are USD 25,000 and above for individuals, and USD 40,000 and above for corporations. Liberia does not engage in currency manipulation tactics. The channels through which remittances are sent in Liberia are Western Union, Money Gram, RIA Money Transfer, and wire transfer. 25 percent of inward remittances in USD must be cashed out in LRD. There are also some non-bank money-transfer outlets known as "hawala" systems, which informally transfer money, mainly to neighboring countries.

Sovereign Wealth Funds

The government does not maintain a Sovereign Wealth Fund (SWF) or other similar entity.

7. State-Owned Enterprises

Liberia has nearly 20 SOEs most of which are wholly government-owned, with a workforce of more than 10,000 people. The SOEs operate in several sectors including port services, airports and civil aviation, electricity supply, oil and gas, water and sewage, agriculture and forestry, maritime, petroleum importation and storage, and information and communication technology (ICT) services. The SOEs are semi-autonomous, and their boards of directors are generally governed by relevant government ministries and the board members appointed by the President of Liberia. Liberia's SOE sector remains a key part of its economic development agenda, and the management and operation of the SOEs is guided by the Public Financial Management (PFM) Law. While some SOEs are functional and contribute to the national budget, others exist statutorily and have remained non-functional over the years. There is no published list of SOEs and no website with synchronized links to all the SOEs in the economy. Through the SOEs Financial Performance Report, the Ministry of Finance and Development Planning tracks the performance of SOEs as individual entities as well as the performance of SOEs sector; the report includes income statements, balance sheets, and cash flow statements of the SOEs. The country fact sheets provide information on competition from SOEs in the oil, gas and mining sectors for over 50 countries (**https://resourcegovernance.org/countries**). Information on SOEs in OECD and partner countries is available at: **http://www.oecd.org/daf/ca/soemarket.htm**

Privatization Program

There are no established and harmonized programs or policies for privatization.

8. Responsible Business Conduct

There is not a general awareness of standards for responsible business conduct (RBC) in the country. Local communities where foreign companies operate do not fully understand the roles of the investors versus those of the government in terms of environmental, social, and governance issues. Generally, the government expects foreign investors to offer social services to the local communities in which they operate and to contribute to the county social development fund, which is intended to support development activities in communities adjacent to concessions. The government can and frequently does include in concession agreements clauses that oblige investors to provide social services such as educational facilities, health care, and other essential amenities. Concession contracts dictate service provision including, but not limited to, road and infrastructure development, school construction, and health services. Even after a concession has been ratified by the legislature, most investors find that communities expect them to negotiate separately with community leaders for the provision of additional social services. This negotiation process can be cumbersome, lead to delays and confusion, and greatly increases operational costs.

The authorities do not clearly define RBC, and there are not policies or a national action plan to promote or encourage RBC. The government does not factor RBC policies or practices into its procurement decisions. It does not effectively and fairly enforce domestic laws in relation to human rights, labor rights, consumer protection, and environmental protections intended to protect individuals from adverse business impacts. This is due to a number of systemic weaknesses, including a weak judicial system, limited human and institutional capacities, logistical constraints facing the enforcement agencies, and a general lack of awareness on the part of the officials. Foreign companies are not required but are encouraged to make a public disclosure of their policies, procedures, or practices to highlight their RBC environment. There are certain non-governmental organizations (NGOs), civil society organizations (CSOs), and workers' organizations/unions that promote or monitor RBC of foreign companies in certain sectors. However, the NGOs and CSOs that are monitoring or advocating for RBC do not conduct their activities in a structured and coordinated manner. The GOL does not maintain a National Contact Point (NCP) for OECD multinational enterprises guidelines.

9. Corruption

The law does not provide explicit criminal penalties for official corruption, although criminal penalties exist for economic sabotage, mismanagement of funds, bribery, and other corruption-related acts. Corruption is both a real and perceived problem in Liberia's public and private sectors. Corruption persisted throughout the government and Transparency International's 2017 corruption perception index ranked Liberia 122 out of 180 countries surveyed. Some officials engaged in corrupt practices with impunity. Low pay for civil servants, minimal job training, and little judicial accountability exacerbated official corruption and contributed to a culture of impunity. There are laws, regulations, and institutions to counter public sector corruption including conflict-of-interest in awarding government procurement contracts. However, general weakness in the judicial system hinders effective implementation of these laws and regulations. The government does not have a system or program that encourages or requires private companies to establish internal codes of conduct that, among other things, prohibit bribery of public officials. Although the government continues to institute measures, programs, and strategies to strengthen anti-graft institutions and laws, corruption remains endemic in the Liberian social fabric. In terms of international commitments, Liberia currently participates in the Extractive Industry Transparency Initiative (EITI) and is a signatory to the ECOWAS Protocol on the Fight against Corruption, the African Union Convention on Preventing and Combating Corruption (AUCPCC), and the UN Convention against Corruption (UNCAC).

In spite of a number of U.S. government and other donor-funded assistance projects, lack of training, inadequate salaries, and a culture of impunity have undermined the judicial and regulatory systems, which in turn has discouraged investment. The U.S. government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. If a U.S.

firm believes a competitor is seeking to bribe a foreign public official to secure a contract, this information should come to the attention of appropriate U.S. agencies. U.S. firms and a number of foreign investors have identified corruption as a potential obstacle to new investment. Foreign investors generally report that corruption is most pervasive in government procurements, award of contracts or concessions, customs and taxation systems, regulatory systems, performance requirements, and government payments systems. Multinational firms often report having to pay fees to agencies that were not stipulated in investment agreements. When new concessions are signed and ratified, the press frequently reports on corruption allegations implicating both the legislative and the executive branches. The government does not provide NGOs involved in investigating corruption cases any special protection.

Resources to Report Corruption
Contacts at government agencies responsible for combating corruption:
Liberia Anti-Corruption Commission (LACC), Monrovia, Liberia (http://lacc.gov.lr)

General Auditing Commission (GAC), Monrovia, Liberia (http://www.gac.gov.lr)

Contacts at "watchdog" local organization operating in Liberia:

Anderson Miamen, Executive Director, Center for Transparency and Accountability in Liberia (CENTAL) (http://www.tiliberia.org/) Telephone Number: (231) 886-818855, (231) 886-677860, Email: admiamen@cental.org

10. Political and Security Environment

In 2017, Liberia peacefully conducted two rounds of presidential and general elections. The election of George Weah as President of Liberia marked a major political transition for public institutions, which are already facing capacity and budgetary challenges. Weah's inauguration as the new President of Liberia on January 22, 2018 ended former President Ellen Johnson Sirleaf's 12 year administration and marked Liberia's first peaceful transfer of power from one elected president to another since 1944. Although there could be potential for sporadic and isolated political violence, no infrastructure has been damaged by any such unrest in recent years. Increasing freedom of speech for Liberians as well as the free media landscape in the country has led to vigorous pursuit of civil liberties, which results in active, often acrimonious political debates. There are a number of radio stations and newspapers in the country. The government has identified land disputes, and high rates of youth and urban unemployment as potential threats to security, peace, and political stability.

On March 30, 2018, the United Nations Mission in Liberia (UNMIL) officially withdrew from the country after several extensions of the peacekeeping mandate, the most recent of which permitted UNMIL to remain through the conclusion of the 2017 elections. The Liberia National Police (LNP) and the Armed Forces of Liberia (AFL) are principally responsible for Liberia's security. Other special security entities include the Executive Protection Service (EPS), Drug Enforcement Agency (DEA), Liberia Immigration Service (LIS), and National Security Agency

(NSA). The United States and other international donors have assisted in training the AFL and Liberia's law enforcement agencies to be effective in responding to emergency situations. The Armed Conflict Location & Event Data Project (ACLED) (http://www.acleddata.com/) provides visuals showing trends in political violence in Asia and Africa.

11. Labor Policies and Practices

Much of the Liberian labor force is illiterate and unskilled as most Liberians, particularly those in the rural areas, lack basic vocational or computer skills. Liberia does not have reliable or official data on labor force statistics such as the unemployment rate. According to the Liberia Institute for Statistics and Geo-Information Services (LISGIS), only about 52 percent of adult Liberians are literate—meaning they can read and write in any language--with a lower literacy rate in rural areas. In its Household Income and Expenditure Survey (HIES 2016), LISGIS reported that on the average, the literacy rate among males is 30 percent higher than the rate among females. The percentage of the population with a university education is less than 10 percent.

Liberia's domestic market is too small to support high volume (cost effective) production. The majority of formally employed Liberians work for the government. The LISGIS estimates a relatively lower unemployment rate (3.9 percent) in the formal sector. However, this masks the fact that 4 out of 5 Liberian workers (80 percent) are estimated to be engaged in "vulnerable employment" and/or "informal employment." Unemployment is particularly high among the youth. Young women also have a harder time finding employment than young men. According to a 2018 International Labor Organization (ILO) report, more than 18.8 percent of males and 34.2 percent of females are unemployed. The informal and vulnerable employment sectors are characterized by inadequate earnings as well as difficult or dangerous conditions that undermine workers' basic rights. There are migrant workers throughout the country, particularly in the services sector and at artisanal diamond and gold mines. The Ministry of Labour (MOL) largely attributes the high proportions of people in the vulnerable and informal employment sectors to the weak capacity of the private sector to create more employment opportunities. It also cites as a factor Liberians' reliance on the government for employment opportunities. The manufacturing sector is relatively weak, due to high production costs driven by limited financing opportunities for the private sector and poor infrastructure, including limited access to electricity. There is an acute shortage of specialized labor skills, particularly in medicine, ITC, and science, technology, engineering and mathematics (STEM).

The labor law gives preference to employing Liberian citizens, and most investment contracts require companies to employ a defined percentage of Liberians, including in top management positions. Foreign companies often report the difficulty of finding skilled labor as their biggest operational hindrance. Child labor remains a problem, particularly in the agriculture and mining sectors. The Decent Work Act guarantees freedom of association, and employees have the right to establish and become members of organizations of their own choosing without prior authorization, with the exception of civil servants and employees of SOEs. In term of formal labor, the new government has signaled its intent to enforce applicable laws, and workers exercise their rights. The law allows workers' unions to conduct their activities without interference by employers. It also prohibits employers from discriminating against employees because of membership in a labor organization. Unions are independent from the government and political parties. Employees through their associations or unions often demand and, sometimes, strike for compensation. When a company's ownership changes, workers sometimes seek payment of obligations owed by previous owners or employers. The labor law provides that labor organizations including trade or employees' associations have the right to draw up their constitutions and rules with regard to electing their representatives, organizing their activities, and formulating their programs. The laws specify that no industrial labor union or organization shall exercise any privilege or function for agricultural workers. No agricultural labor union or organization shall exercise any privilege or function for industrial workers, nor can agricultural workers join industrial workers' unions. Over the years, agricultural labor unions have been relatively active in negotiating collective bargaining agreements (CBA) intended to improve the social and economic conditions of their members. Although wage issues remained critical in negotiating CBAs, labor unions are shifting their attention and demands to other socioeconomic issues, such as better housing, health, and education facilities. The law prohibits unions from engaging in partisan political activity, such as active political campaigns during elections period. Workers, except civil servants, have the right to strike provided that the MOL is notified of their intent to do so. While the law prohibits anti-union discrimination and provides for the reinstatement of workers dismissed because of union activities, it allows for dismissal without cause provided the company pays statutory severance packages.

The law sets out fundamental rights for workers and contains provisions on employment and termination of employment, minimum conditions of work, occupational safety and health, workers' compensation, industrial relations, and employment agencies. It also provides for periodic reviews of the labor market as well as adjustments in wages as the labor conditions dictate. The MOL does not have an adequate or effective inspection system to identify and remedy labor violations and hold violators accountable. It lacks the capacity to effectively investigate and prosecute unfair labor practices, such as harassment and/or dismissal of union members or instances of forced and/or child labor. In March 2018, the MOL urged all employers to regularize and make full disclosure of their foreign employees in line with the Decent Work Act.

12. OPIC and Other Investment Insurance Programs

There is potential for the operation of the Overseas Private Investment Corporation's (OPIC) programs in the Liberian economy. Generally, financing for large-scale projects is sourced from international bilateral and multilateral donors including the United States, the EU, the World Bank, the African Development Bank, and the IMF. Potential for project financing under OPIC's programs exist in the energy, road construction, agricultural value addition, healthcare delivery system, education, and water and sanitation sectors. There is an existing OPIC agreement between Liberia and United States to provide coverage for expropriation and political risk insurance for U.S. investors. Eligible American businesses, investors, lenders, contractors and exporters can seek OPIC support to take advantage of commercially attractive opportunities in the country. Since 2008, OPIC has supported a number of projects that have contributed to job employment creation and economic development in Liberia. In 2016, OPIC signed a commitment letter for a USD 20 million direct loan to International Bank Liberia (IB) to support long-term lending to the Liberian private sector in the construction, services, manufacturing, agribusiness, hospitality, and transportation sectors. There are other international bodies, such as China and India EXIM Banks, which are providing significant investment financing or insurance to their firms in Liberia, but their presence does not make it difficult for U.S. firms to compete.

13. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Liberia Gross Domestic Product (GDP) (M USD)	2015	USD 2,034	2016	USD 2,101	https://data.worldbank.org/country/liberia
Foreign Direct Investment	**Host Country Statistical source**		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in Liberia (M USD, stock positions)	2015	USD 1,065	2016	USD 1,041	BEA data available at https://www.bea.gov/international/factsheet/factsheet.cfm?Area=420
Liberia's FDI in the United States (M USD, stock positions)	2015	USD 501	2016	USD 461	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % Liberia GDP	2015	35.45	2016	N/A	https://www.theglobaleconomy.com/Liberia/Foreign_Direct_Investment/

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	Amount	100%	Total Outward	Amount	100%
No Data Available					
"0" reflects amounts rounded to +/- USD 500,000.					

IMF Coordinated Direct Investment Survey data are not available for Liberia.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	Amount	100%	All Countries	Amount	100%	All Countries	Amount	100%
No Data Available								

IMF Coordinated Portfolio Investment Series data are not available for Liberia.

14. Contact for More Information

Embassy Monrovia Economic & Commercial Section
Email: Monrovia-Commerce@state.gov